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FIRST
ANNUAL REPORT
of the
Unemployment
Compensation Commission
of Montana

For the Calendar Year

1937

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BARCLAY CRAIGHEAD
CHAIRMAN

GEORGE R. SHEPARD
COMMISSIONER

LOUIS G. DeNAYER
COMMISSIONER

Unemployment Compensation Commission of Montana

Helena, Montana, Feb. 1, 1938.

The Honorable Roy E. Ayers
Governor of Montana

Your Excellency:

We have the honor of submitting herewith the first annual report of the Unemployment Compensation Commission of Montana, covering the activities of this department of the state government as relates to the calendar year 1937, from which we trust you will be able to obtain a fairly distinct picture of this new agency as it now appears after eight months of organization and development work.

Respectfully yours,

BARCLAY CRAIGHEAD, Chairman
GEORGE R. SHEPARD, Commissioner
L. G. DeNAYER, Commissioner

FIRST ANNUAL REPORT

For the Calendar Year Ended December 31, 1937

To the Governor:

A brief outline of the objectives of Social Security legislation, and of the part Unemployment Compensation plays in this legislation would seem in order.

No nation, at any time, has ever furnished for sustained periods economic security to all of its worthy people. Advancing, complex, furiously-hurrying industrial civilization offers less security to the individual than the more simple organization of society in agricultural and commercial periods. This seems true in all countries.

The wide intent of Social Security legislation in the United States is to guarantee a measure of economic security to able and willing members of society.

It is a magnificent concept that probably will not be reached for at least a century. The present laws are but a beginning, and need many amendments, but should they succeed, even in part, will rank in importance and in effect upon society with the establishment of the public school system in the United States.

Unemployment Compensation is but one part of Social Security legislation.

Unemployment Compensation: Why?

No mature person, dependent upon wage or salary, and who has not placed his brain in moth balls, can view the extent and duration of unemployment in the United States in recent years and remain untouched by the dread of loss of work.

To remove some of this dread, to ease the strain and lessen the cumulative effect of major depressions on business and on able and willing workers is the objective of Unemployment Compensation.

Unemployment Compensation: How?

This would be accomplished under the existing Montana law, largely in three ways:

1. By the collection of a pay roll tax of 1.8 per cent for 1937, and 2.7 per cent for subsequent years.
2. By the disbursement of sums so collected as a matter of right in benefit payments to worthy unemployed, when such unemployed have been working for tax paying employers.
3. By the establishment of state-wide employment offices designed to bring employer and employee together to fill available jobs and to prove that benefit payment recipients are worthy.

With this explanation of the purposes of the Act, the Unemployment Compensation Commission reports on results to date as follows:

LEGISLATIVE ACT CREATING COMMISSION

The Montana Unemployment Compensation Act (Chapter 137, Session Laws of 1937) was passed by the Twenty-Fifth Legislative Assembly and approved by Governor Roy E. Ayers on March 16, 1937. It was approved by the Social Security Board, which was set up under the Social Security Act of Congress, March 30, 1937.

Under the authority vested in him by the Act, Governor Ayers brought into being a Commission to administer the Act by the appointment, on April 15, 1937, of Barclay Craighead of Missoula as chairman and executive director, and, on May 6, 1937, of George R. Shepard of Missoula for a six year term as commissioner, and Louis G. DeNayer of Billings for a three year term as commissioner.

The first meeting of the Commission was held May 10, 1937, as a preliminary organization meeting, and to be officially placed on record with the Social Security Board. On May 28, 1937, a meeting was held for complete organization, at which Governor Roy E. Ayers was present and tendered the Commission his advice and counsel.

The assembly did not appropriate a penny for the immediate use of the Commission, and, while considerable thought and planning was indulged in by the chairman and the commissioners in advance of that date, it was not until June 1, 1937, when a grant for administrative expenses was obtained from the Social Security Board at Washington, that offices were opened, a limited personnel was engaged, and actual work was instituted.

Naturally, the period commencing June 1, and extending throughout the calendar year, was one of intense activity and importance to the Commission, as it was at once faced with the problems of setting up and training its personnel, developing office and accounting details, and interpreting and administering a law which in itself was an entirely new idea in governmental activity. Not only had the departmental personnel to be informed as to the requirements of this new system, but the general public likewise had to be enlightened.

CONTACTS ESTABLISHED WITH EMPLOYERS

First, the Commission had to contact the employers in Montana who were subject to the Act. Every available list was secured from state, federal, semi-public, and private agencies. Letters, explanations, interpretations, and report forms were mailed by the thousands, and, as reports were voluntarily re-

turned by employers, they were classified and coded as to industry and area.

Contributions of 1.8 per cent, as fixed by the Act, were required from all employers of one or more workers whose pay rolls showed some period of employment in each of 20 different calendar weeks within a calendar year. These contributions were required upon pay rolls starting with the first of the calendar year, and, as five months of the year had elapsed before the Commission got under way, the first contribution reports were made to include the first six months of the year, while for each of the six later months of the year a monthly report was required.

In order to lessen the burden upon reporting employers, and to reduce the accounting work in the Commission office, the Commission, with the approval of the Social Security Board, has eliminated the necessity for the making of monthly reports and contributions, and will, during the calendar year 1938, require such reports and remittances upon a quarterly basis.

At the beginning of the Commission's activities, when its personnel was small and before field work was undertaken, the Commission confined itself to limited quarters in a down-town office building. With the gradual development of work, the necessary increases in personnel, and the organization of a State Employment Service, which was made a division of the Commission by the Unemployment Compensation Act, it became necessary to obtain more roomy and convenient quarters. Under a lease, approved by the State Board of Examiners and the Social Security Board, suitable office quarters were obtained and occupied by the Commission during the last week in December.

CLASSIFICATION AND CODING OF EMPLOYERS

Issuance of employers' account numbers, involving the classification of industry, identification of county and district in which the operations of the employer were carried on, and an individual number for each such employer, was made an incident to the filing of the employer's initial Report to Determine Liability. Employers have been coded as to industry and location. Under this method, a combination of figures is set up by which the particular industry, site of operations, and identification of each employer is indicated by his account number.

As these report blanks were not available until about the middle of June, and were then distributed by mail only to those employers whose names were included in lists obtained from time to time from various sources, many were not reached until late in the calendar year. As many were uncovered only in recent weeks or are still being sought out by field auditors, coding of liable employers is now and will continue for an indefinite period until the whole field has been covered.

The bulk of the coding was naturally accomplished during the first four weeks of operations when liability reports arrived in vast numbers daily. Between June 15, and December 31, 1937, liability reports were received from approximately 12,000 individuals, partnerships, and corporations, of which between 3,000 and 4,000 were apparently not liable for contributions under the Act.

As of July 15, 1937, approximately 4,500 employers had been coded as liable. From July on, coding proceeded more slowly, with accumulated listings of liable employers at the close of each subsequent calendar month as follows: July 31, 5,150; August 31, 6,393; September 30, 7,175; October 31, 7,410; November 30, 7,772; December 31, 8,124; January 31, 1938, 8,575. The Commission now estimates that this number will eventually reach 9,000.

One purpose of this coding is to obtain statistical information for the guidance of the legislature, showing payments by each individual employer contributing to the fund and the aggregate for each of the approximately 60 basic industries within the state. As a result of the classification of these contributions, with a similar classification of distributions for benefit payments, the Commission will be able to show what industries or individual employers are paying more or less than their proportionate shares.

This operation adds tremendously to the accounting problems of the Commission, but is deemed desirable because thereby it may be possible that legislative authorities of the future may lower or increase contribution rates in proportion to unemployment conditions and benefit requirements in each of the various industrial fields. Should the law-making authorities desire to favor industries having more stabilized employment with a lower tax rate or assess industries with high percentages of unemployment a higher rate, the material for accurate analysis will be available and the elimination of all guesswork will be accomplished.

CONTRIBUTIONS PAID BY EMPLOYERS

During the eight months in which the Commission has been functioning, June 1, 1937 to January 31, 1938, cash contributions upon 1937 pay rolls aggregated \$2,048,683.78, an amount considerably in excess of earlier expectations of the Commission. It is estimated that at least \$50,000 of additional collections for the year 1937 will be made from delinquent employers within the next few months.

Until such a time as all uncoded employers shall have been brought under the Act, and all delinquencies have been eliminated, final figures upon employers, workers, and contributions will not be available. Contributions by months, in detail, were as follows:

Month	Number of Contributing Employers	Contributions
January-June	7826	\$972,491.16
July	6993	188,650.48
August	7035	186,167.67
September	6967	180,959.14
October	6805	187,841.43
November	6447	162,613.71
December	6092	169,960.19
Total		<hr/> \$2,048,683.78

Until such a time as the employees' monthly wage slips can be sorted, checked, assembled, and filed individually, it will be impossible to ascertain definitely the actual number of individual workers employed in the various industries and the state, as a whole, during any given month.

It has been determined that the \$972,491.16 contributions for the first six-months period indicated an average contribution of \$162,082 per month upon an average monthly pay roll of \$9,004,555.55 to an average of 74,252 employees per month.

CLASSIFICATION OF WORKERS

For the month of July, the first month for which separate reports and contributions were made, and during which month employment for the year was probably at its peak, contributions were reported upon the wages of 84,136 workers. These workers were employed in the various basic industries in the following numbers:

Class	Industry	Workers
10	Metalliferous mining, smelting	18,072
12	Coal mining	937
13	Oil and gas production	1540
14	Stone and gravel quarrying	419
15	Building construction	1110
16	General contracting	4191
17	Trade contracting	1221
20	Food manufacturing	3752
21	Tobacco manufacturing	6
23	Apparel manufacturing	20
24	Basic lumber industries	1962
25	Finished lumber products	34
27	Printing and publishing	1314
28	Chemical manufacturing	7
29	Petroleum and coal products	583
31	Leather products	12
32	Stone and clay products	411
33	Iron and steel products	55

Class	Industry	Workers
35	Nonferrous metal products	361
36	Electrical machinery	6
37	Other machinery	117
38	Auto bodies and parts	6
39	Miscellaneous manufacturing	100
40	Interstate railroads	13,473
41	City bus lines, etc.	77
42	Trucking and warehousing	741
43	Air lines, taxi, bus, etc.	624
45	Services allied to transportation	44
46	Communications, telephone and telegraph	916
48	Public utilities	1424
49	Local utilities	166
50	Wholesale merchandising	1453
51	Wholesale distribution	2407
52	Wholesale and retail combined	2139
53	General merchandising	3067
54	Retail meats and groceries	1452
55	Auto and accessories sales	2182
56	Retail wearing apparel	858
57	Retail trade, miscellaneous	2180
60	Banks and trust companies	205
61	Investments and securities	51
62	Finance agencies	248
63	Insurance carriers	483
64	Insurance agencies	121
65	Real estate dealers and agencies	449
66	Real estate, insurance, etc., combined	179
70	Hotels, rooming houses, etc.	2594
71	Cafes, bars, etc.	3045
72	Personal service, barbers, laundries, etc.	1800
73	Business service, accountants, etc.	448
74	Trade schools	34
75	Garages, filling stations	1227
76	Miscellaneous hand trades	163
77	Services allied to agriculture	141
78	Theaters, amusement, recreation	643
79	Miscellaneous amusements, recreation	361
80	Medical and health service	573
81	Law offices	187
82	Educational institutions, agencies	4
83	Other professional and social services	24
85	Private business not otherwise classified	428
86	Fraternal, trade and labor associations	672
87	Highway, irrigation, etc., contractors	607
		<hr/>
		84,136

COLLECTIONS HELD INVIOATE IN TRUST FUND

Under the mandate of Section 9 (b) of the Montana Unemployment Compensation Act, and Section 904 of the Social Security Act, all moneys in the clearing account, consisting of contributions to the unemployment compensation fund, are required to be deposited with the Secretary of the Treasury of the United States, by whom they are placed in a trust fund and invested in interest-bearing obligations of the United States Government. Such investments shall earn interest at a rate equal to the average rate of interest borne by all interest-bearing obligations of the United States. These earnings are credited to the trust fund quarterly and become a part of the fund.

With the accumulation of money in the state treasury in appreciable amounts, the state treasurer has transferred \$1,600,000 to the United States Treasury on dates and in amounts as follows: September 27, \$1,000,000; November 13, \$300,000; December 17, \$300,000.

Interest earnings, which have been added to the trust fund, have been reported by the Secretary of the Treasury as follows: Quarter ended September 30, \$270.60; quarter ended December 31, \$7,493.44.

State Treasurer Ray Shannon will forward an additional \$400,000 within a few days making a total of \$2,000,000 then on deposit in the trust fund, which should assure interest earnings exceeding \$50,000 in 1938.

With such additions as will regularly come from contribution payments, and the transfer of an estimated \$750,000 of moneys collected under the Social Security Act for 1936, the Commission estimates that it should have more than \$5,000,000 in the trust fund and drawing interest by the close of 1938, and in excess of \$6,000,000 when benefit payments are to start July 1, 1939.

Withdrawals of money deposited in the Unemployment Trust Fund can be made only for the purpose of meeting benefit claims of unemployed workers of the state when such benefits become available after July 1, 1939.

RECOVERY OF EXCISE TAX FOR 1936

The Commission expects that an addition to the Unemployment Trust Fund in a considerable amount will be made within a few months, through an already authorized transfer of moneys collected by the Internal Revenue Service from employers of eight or more workers upon their 1936 pay rolls. This consisted of an excise tax of one per cent, levied under the Social Security Act for unemployment compensation prior to the existence of a Montana statute providing for unemployment compensation contributions and benefits.

By virtue of an act of congress late in 1937, the Secretary of the Treasury was authorized to set over to the unemployment

compensation trust funds of the several states 90 per cent of the moneys collected up to January 31, 1938, by the Internal Revenue Service upon this 1936 tax.

The Commission wishes to express appreciation to Your Excellency for your aid in obtaining congressional authorization for the transfer of this money, estimated to amount to nearly three quarters of a million dollars, all of which will be payable to unemployed workers of Montana, and which, but for your efforts and those of the Montana Senators in Congress, probably would have remained in the United States treasury, and would have been lost to the workers of this state for whose benefit it was originally contributed.

DELINQUENCIES IN CONTRIBUTION PAYMENTS

The Commission feels that it has been very successful in holding delinquencies to an extremely low percentage in the collection of contributions upon pay rolls for the first year of its operations. Despite a wide-spread unfamiliarity upon the part of employers with the requirements of the Act, especially among those employers of small or insignificant working forces, and a quite general misinterpretation of the regulations by the employers, the year was closed with less than four per cent of the coded employers remaining wholly delinquent upon their 1937 pay roll contributions.

During the month preceding the compilation of this report, an active campaign was carried on to bring in the delinquent accounts, totalling 537 employers on January 6, 1938. During January, 206 delinquent employers made remittance, either wholly or in part, of contributions upon their 1937 pay rolls, leaving but 331 delinquent as of January 31, 1938. It is believed, however, it will develop that a considerable percentage of these employers are not actually liable, and that, with the elimination of such doubtful codings, the delinquent list should soon shrink to about 300 out of 8,575, with further recovery as the year 1938 proceeds.

PROTESTED CONTRIBUTIONS

Throughout the year, a small number of employers, most of which were out-of-the-state corporations, remitted their contributions under the rather doubtful protection of formal protests filed with the Commission. These protested contributions aggregated approximately \$100,000 for the calendar year.

Under an opinion furnished by the attorney for the Commission, it was held that contributions made under protest could not be considered as having been paid to the Commission. As the majority of the protesting contributors were employers of eight or more workers, the Commission took the stand that it could not certify such contributions to the Commissioner of Internal Revenue as having been paid, thereby eliminating the

right of such employers to obtain credit in the amount of their contributions against the Federal excise tax of 2 per cent levied under Title IX of the Social Security Act.

This situation was presented by the Commission to all of the protesting employers, 42 in number, with the statement that only in the event of the withdrawal of their protests would the desired certification to the Commissioner of Internal Revenue be made. This notice produced a very satisfactory response in that, up to February 1, formal withdrawals of protest were received from all but seven of the 42 employing concerns, with the expectation that the remainder will withdraw within a few days, leaving a clean slate in this respect. The Commission again wishes to express appreciation to Your Excellency for helpful suggestions in this matter.

LEGALITY OF ACT UNCHALLENGED

Virtually all legal questions, as between the taxpayer and the Commission, have been settled and apparently agreed to by the taxpayers. The attorney for the Commission has prepared, and the Commission has approved, 28 official interpretations, two rules and nine regulations. So far, no taxpayer has questioned, either in writing or in a court action, the fairness of these interpretations. The only legal questions not agreed to between the Commission and the taxpayers, and which may be taken into the courts, are those relative to the status of independent contractors in border line cases, including some types of insurance agents and service station operators.

The Commission feels justified in stating that legal obstacles to the administration of the Unemployment Compensation Act have been largely removed.

ADMINISTRATIVE EXPENDITURES

Under Sections 301, 302, and 303, of the Social Security Act, all administrative expenses of the Unemployment Compensation Commission of Montana, with the exception of those of the State Employment Service Division, are payable out of a congressional appropriation set up for the purpose of assisting the States in the administration of their unemployment compensation laws. Accordingly, all expenses of the Montana Commission, including office equipment, supplies, postage, salaries, rents, and incidental expenses, have been paid out of budget allowances certified by the Social Security Board to the Secretary of the Treasury.

For the Commission's initial period, the quarter ended June 30, 1937, \$21,269.30 was certified to the Commission, of which \$7,638.95 remained unexpended or unobligated at the close of the quarter.

The certification for the second quarter, ended September 30, 1937, was for \$26,421.40 of which \$4,375.08 was unexpended.

For the third quarter, ended December 31, 1937, the budget allowance was \$34,028.44, of which \$6,947.86 remained unexpended.

We feel that this record is sufficient proof of the desire of the Commission to follow instructions of the Governor of Montana to hold expenses as low as possible.

For the first quarter of 1938, ending March 31, the Social Security Board has certified \$36,503.41 as available.

As previously stated, collections made by this Commission are held in a trust fund for benefit payments to unemployed workers and administrative expenses are paid by grants from the Social Security Board. However, for the information of the public, it may be said that expenses to date are approximately 3 per cent of collections made. Later, when the cost of maintaining an employment service to reach into all of Montana's 56 counties, with the expense of disbursing benefit payments under complicated federal and state regulations, is added, this ratio will increase. Due to our thin population and wide area, administrative expenses of these agencies in Montana probably will become high in comparison with those of other more heavily populated states.

The Commission, even at this date, is willing to hazard the opinion that total expenses for collection and disbursement and for the maintenance of a state-wide employment service, should not, in normal years, exceed eight or nine per cent of collections. When it is remembered that administration expenses of some types of industrial insurance, under private management, have not infrequently exceeded 20 per cent of collections made, it is believed this will not be excessive.

OFFICE AND FIELD PERSONNEL

Starting with a very small office force, which was gradually built up, only as the actual demands of the service justified, the Commission goes into the calendar year 1938 with a permanent personnel of 39. The names, titles or positions, monthly salaries, and home addresses of the individual members of the force are:

Bakko, H. G.	Account Clerk	\$125	Havre
Bennett, James V.	Field Auditor	\$200	Scobey
Black, Leo	Janitor	\$100	Helena
Botch, Edmund S.	Account Clerk	\$125	Wibaux
Bourck, Oscar	Field Auditor	\$150	Butte
Bristol, Betty	Typist	\$100	Lewistown
Bullock, Clifford	Batch Control Clk.	\$125	Bozeman
Burns, Margaret F.	Jr. Posting Machine Opr.	\$100	Wolf Creek
Campbell, Jean	Typist	\$100	Shelby
Casey, Jos. T.	Examiner & Batching Clk.	\$150	Great Falls
Covington, Marian	Statistical Clk.	\$115	Helena
Craighead, Barclay	Chairman	\$433.33	Missoula
Decco, Leonard A.	Field Auditor	\$150	Three Forks
Erb, Amy Ann	Secretary	\$125	Sheridan
Gilbert, F. C.	Chief, Employment Div'n.	\$300	Butte

Guilbault, Chas. F.	Field Auditor	\$150	Missoula
Heffern, M. C.	Account Clerk	\$125	Glasgow
Hendricks, Nan	Typist	\$100	Helena
Holloman, Elsie	Jr. Clerk	\$100	Missoula
Lane, Louis L.	Acct.-Cashier	\$241.66	Billings
Jacobson, Arthur C.	Field Auditor	\$200	Missoula
Lofgren, Everett E.	Attorney	\$266.66	Billings
Manning, Grace	Stenographer	\$100	Kalispell
Maxey, Curtis	Mail Clerk	\$100	Missoula
Merzlock, Josephine	Telephone Opr. & Clk.	\$100	Helena
Miller, Louise	Typist	\$100	Kalispell
Moses, Warren W.	Statistician-Information Agent	\$200	Helena
Multz, Albin	Addressograph Operator	\$100	East Helena
Munson, James	Account Clerk	\$125	Helena
O'Donnell, John P.	Chief, Unemployment Compensation Division	\$300	Helena
Pelle, Laura	Jr. Posting Machine Opr.	\$100	Froid
Smith, Paul T.	Sr. Posting Machine Opr.	\$140	Boulder
Spafford, Rachel	File Clerk	\$100	Kalispell
Stewart, Carrol M.	Chief Accountant	\$250	Missoula
Stewart, Florence E.	Jr. Clerk	\$100	Helena
Stewart, James H.	Field Auditor	\$200	White Sulph. Springs
Sullivan, Clifton T.	Field Auditor	\$175	Billings
Tooley, Leah	Typist	\$100	Red Lodge
Vidal, Lawrence E.	Field Auditor	\$200	Kalispell

The Commissioners, George R. Shepard and Louis G. DeNayer, receive \$10 per day, each, for not to exceed fifty days each year, when devoting full time to affairs of office.

This salary range, especially in the lower brackets, is below the average paid by the State of Montana for positions of equal responsibility in departments of approximate size. Montana has a more generous salary scale on the whole for her public servants than sister states, and the Social Security Board, controlling expenses, has held the Commission within the above limits.

MERIT EXAMINATIONS

The Unemployment Compensation Commission early realized that classifying positions according to duties and responsibilities has proven its effectiveness and value in comparison with former uncoordinated and random methods. We were, however, confronted at the beginning and still are to some extent, with the lack of job analysis. We have, of necessity, been faced with irregular peak loads making analysis difficult. We faced uncertain administrative responsibilities as between higher State and Federal authorities.

The Act creating the Commission empowers the Commission to appoint, fix the compensation and prescribe the duties and powers of such officers, accountants, attorneys, experts and other persons as may be necessary in the performance of its duties. It further imposes upon the Commission the duty of

holding examinations to determine the qualifications of applicants for the positions so classified.

The Commission has carried out the provisions of the Act in full, and fully classified all employees. We have set up salary, standards, requirements, and defined the duties for each position. In keeping with the spirit of the law, the Commission appointed the Reverend J. J. O'Connor, head of the Department of Social Science at Carroll College, to conduct examinations. The result of these examinations, with an opinion from the Attorney General of Montana, that the laws of the State of Montana relating to the appointment, examination, and certification of employees, has been complied with, has been forwarded to the Social Security Board at Washington. We have not yet received word of action on this report.

In this connection, the Commission again wishes to thank the Governor of Montana for his consideration in the selection of employees at this office.

We accept full responsibility for the personnel and if such personnel as the Commission now has is not completely qualified, it will not be the fault of the Governor, since the Commission has had a completely free hand.

STATE EMPLOYMENT SERVICE

Section 12 of the Montana Unemployment Compensation Act requires the Commission to create a division to be known as the Montana State Employment Service, which Division shall maintain free public employment offices in such locations as may be deemed necessary for the proper administration of the Act. It is further provided that the Division shall cooperate with the national agency having to do with employment. The Act carried a state appropriation of \$13,021.26 for each year of the present biennium, together with such moneys as may be allotted to it out of federal funds under the Wagner-Peyser Act or the Social Security Act. Under authority of the Wagner-Peyser Act, the United States Employment Service, which has entered into a cooperative agreement with the Montana Commission through its approval of a plan of operation presented by the Commission, has already set over to the state \$5,655.80 as a portion of its share in the administrative expense of the combined service for the period of December 1, 1937 to March 31, 1938.

To date, the activities of the Commission have been confined to the selection of a chief of the Employment Service Division, to which position F. C. Gilbert of Butte has been named. This appointment followed the holding of competitive merit examinations in October, 1937, under the supervision of the United States Employment Service for the securing of lists of eligibles for all appointive positions in the service. The Commission hopes to have this Division in full operation within a few months.

LEGISLATIVE RECOMMENDATIONS

A brief observation of the Unemployment Compensation Law forces the Commission to record some seemingly desirable changes in existing statutes. Most of these suggested changes would require amendments to the national Social Security Law. These changes are:

National

1. We feel that the tax base of the Social Security Act, under Title VIII (Old Age insurance), and Title IX (Unemployment insurance) should be brought as near as possible to conformity; with coverage, wage and tax reports made identical, if possible, and with a single collection agency, either state or federal. Tax collection activities, at present, are absurdly complicated, and taxpayers have full cause to protest.
2. We would recommend that national banks and similar instrumentalities of the Federal Government be included as to coverage at once, with provision for gradual extension of coverage to agricultural workers, domestic servants and certain non-profit institutions, now exempted by law.
3. We favor further limitation of the authority of the Social Security Board to disregard state custom in the management of state commissions. The advantages of state-federal Unemployment Compensation laws will be lost by too rigid domination from Washington through control of purse strings.
4. We believe that the Bureau of Unemployment Compensation of the Social Security Board should be transferred to the Department of Labor or that the U. S. Employment Service, a division of the Department of Labor, should be transferred to the Social Security Board, so that state agencies will not have two sets of controlling officials to deal with.

State

1. We feel that a simple system for paying benefits can be developed and we hope to have suitable recommendations before the next meeting of the Montana Legislature, January 2, 1939.
2. We believe it would be desirable for a commission to be appointed by the Governor, perhaps from members of the legislature, to study the desirability of consolidating all of the various state departments having to do with Social Security legislation in Montana.

3. The problem of how to pay benefits to unemployed seasonal workers is not solved by the Montana law, nor has this Commission, at this time, any suggestions to offer. We wish to report that we are studying the problem and hope to have recommendations for the coming legislative session.
4. We are not yet ready to report on actuarial soundness of the existing law, further than to express the opinion that if Unemployment Compensation is to weather a major depression extending more than one year, it will be necessary to build up a very large reserve fund, and we hazard the suggestion that this fund should not be less than Ten Million Dollars. We pledge that tables will be ready containing available information gathered and tabulated before January 1, 1939.

